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Number 13.

First Prize Essay, 1887.

THE ADVANTAGES
OF
A PROTECTIVE TARIFF
TO THE
LABOR AND INDUSTRIES OF
THE UNITED STATES.

BY
CRAWFORD D. HENING
OF THE UNIVERSITY OF PENNSYLVANIA,
CLASS OF '87.



THE AMERICAN PROTECTIVE TARIFF LEAGUE
23 WEST TWENTY-THIRD STREET
NEW YORK

PROPOSAL FOR 1887.

NEW YORK, December, 1886.

THE AMERICAN PROTECTIVE TARIFF LEAGUE offers to the Students of Senior Classes of Colleges and Universities in the United States, a series of prizes for approved Essays on THE ADVANTAGES OF A PROTECTIVE TARIFF TO THE LABOR AND INDUSTRIES OF THE UNITED STATES.

Competing Essays not to exceed ten thousand words, signed by some other than the writer's name, and to be sent to the office of THE LEAGUE, No. 23 West Twenty-third Street, New York City, on or before May 1, 1887, accompanied by the name and address of the writer, and of the College to which he belongs, in a separate sealed envelope (not to be opened until the successful Essays have been determined), marked by a word or symbol corresponding with the signature to the Essay.

Awards will be made June 15, 1887, as follows :

For the Best Essay	- - -	Two Hundred and Fifty Dollars.
For the Second Best	- - -	One Hundred Dollars.
For the Third Best	- - -	Fifty Dollars.

And for other Essays deemed especially meritorious, SILVER MEDALS, of original and approved design, will be awarded, with honorable mention of the authors in a public notice of the awards.

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Ex-Gov. HENRY M. HOYT, Pennsylvania.

Hon. GEORGE H. ELY, Ohio.

Prof. VAN BUREN DENSLOW, New York.

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A. M. GARLAND, Illinois.

If any further information is desired, please address,

Yours respectfully,

EDWARD H. AMMIDOWN,

President.

THE ADVANTAGES OF A PROTECTIVE TARIFF TO THE LABOR AND INDUSTRIES OF THE UNITED STATES.

THE American Protective System may be advocated on divers grounds—economic, political, ethical. The subject of this Essay, however, refers especially to economic considerations, calling for a defense of the Protective Tariff on the ground of its

of interest and wages—so formidable that finally they became insuperable. With her organized industrial system she was ever ready to swamp our young manufactures with floods of cheaper goods, as she did in 1784† and in 1815.‡ In 1784 all Americans were practically comprised in two great classes—farmers and merchants or sailors.§ So unduly was agriculture developed that in 1820, notwithstanding the protection to manufactures accorded by two wars, there were five persons engaged in agriculture to one in manufactures.¶ [The tariff has changed that ratio until it is now only two to one.¶] There was, thus, a century ago, no prospect of a symmetrical development of our industries, and our future industrial history seemed likely to be that of an agricultural nation.

Such being the trend of our industrial development, what would be the effect on the wealth of the nation? The answer is manifest. The exclusive prosecution of agriculture and commerce—the development of two groups of industries instead of three—will be profitable so long as, and no longer than, all that large agricultural surplus produced by the application of all the labor and capital to the land will exchange

* Bolles' Industrial History of the United States, p. 195.

† D. H. Mason's Short Tariff History of the United States, chap. 1., passim.

‡ Matthew Carey's New Olive Branch, 1821.

§ Bancroft's History of the Constitution, vol. 1., p. 439.

¶ Fourth Census in McGregor's Commercial Statistics, vol. 111., p. 31.

¶ Compendium of the Tenth Census, pp. 1368 and 1372.

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I purpose, therefore, to show, first, how by a Protective Tariff the three great groups of industries—agricultural, manufacturing and commercial—have been developed in due proportion and stimulated to yield a greater product of wealth; secondly, how this increased product of industry has been distributed justly and to the advantage of the labor which our industries employ; and, lastly, how the prosperity of both the labor and the industries is bound up in the continuance of this industrial system.

To appreciate the advantages of the Tariff to our industries, we must recall those industries a century ago. Our early industrial history is the history of a British plantation. Agriculture and commerce were alone developed. Manufactures were neglected. This disproportionate development of industry resulted, on the one hand, from England's policy of suppressing colonial manufactures and of putting bounties on agricultural exports,* and, on the other hand, from the cheapness of land and the desire of the colonists to appropriate it. After political independence was achieved, industrial dependence continued. England strove to keep this country still her "truck-farm" by the "tyrannous power of capital." By her notorious industrial policy, she rendered those natural obstacles to the development of manufactures—I mean the lack of machinery, the lack of skilled workmen, the comparatively high rates of interest and wages—so formidable that finally they became insuperable. With her organized industrial system she was ever ready to swamp our young manufactures with floods of cheaper goods, as she did in 1784† and in 1815.‡ In 1784 all Americans were practically comprised in two great classes—farmers and merchants or sailors.§ So unduly was agriculture developed that in 1820, notwithstanding the protection to manufactures accorded by two wars, there were five persons engaged in agriculture to one in manufactures.¶ [The tariff has changed that ratio until it is now only two to one.¶] There was, thus, a century ago, no prospect of a symmetrical development of our industries, and our future industrial history seemed likely to be that of an agricultural nation.

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in European markets for the products of manufacturing industries. While this power to exchange lasts, buying manufactures would be cheaper than making them; the manufactories could just as well be abroad, and the maximum of wealth could be produced by devoting all the labor and capital to only two of the three great groups of industries or sources of wealth.

The advantage of that marked tendency that characterized our early industrial history depends, therefore, on a simple question of fact. Is there a foreign market for the surplus product of American agriculture when all the labor and capital is exerted on the land? Now, how stands that fact? Never in the history of this country has there been a market for the surplus product of American agriculture when all the labor and capital is exerted on the land. As Colonies we had no acceptable produce to offer England for all the manufactures that we needed.* Every year the balance of trade went heavily against us. The difference was paid by mortgages on plantations.* The opening of the ports in 1784 was followed by an inundation of cheap manufactures. Agricultural produce rotted on the hands of the farmers, and was as valuable as stones.† English factors and agents collected the debts by sheriffs' sales.‡ In 1791 Hamilton, in his "Report on Manufactures," declared the foreign market altogether inadequate. While "the wars of the French Revolution opened to this country profitable markets for agricultural products"§ there was no surplus wasted. But on the opening of the ports in 1815 the experience of 1784 was repeated.|| After the Napoleonic wars European nations could feed themselves.¶ "That agricultural produce is too abundant in the United States for the markets at home and abroad, is a fact that cannot be disputed for a moment," said Matthew Carey in 1821.** In 1824 Andrew Jackson asked: "Where has the American farmer a market for his surplus products?" ††

A little consideration of the nature of foreign trade will explain the reason for this limit to the foreign market. The value of our agricultural surplus depended entirely on the foreign demand. When that demand ceases the surplus is worthless. The exchange between Europe and America was one of food and raw materials for finished goods—an exchange of agricultural commodities for manufactured commodities. America could certainly import from England no greater value of manufactured commodities than she made a return for in agricultural commodities. Commodity for commodity is the only permanent basis for a foreign exchange. Reciprocity is the ultimate law. Gold and silver bullion have but little importance in foreign trade. Trade is carried on by bills of exchange to purchase commodities; and, when a nation begins to export bullion largely, trade will soon stop. In a trade, then, between Europe and America the value of all the manufactures that could be obtained from Europe was limited by the value of all the agricultural products that could be sent there. How large, then, can that foreign market be? As far as the export of food-stuffs is concerned, the market is limited by the number of foreign consumers. This is its utmost limit; but it will be far less than this because foreign countries have other sources of supply. In the same manner the demand for raw materials will be regulated. The value of the American agricultural surplus, it thus appears, will depend as much on the nature of the products as on their quantity. From Europe America can buy commodities only to the value that she gives in return acceptable commodities. America may have many commodities that Europe does not want.

These considerations explain the reason why in our early industrial history all the agricultural surplus was not salable. We find that the same limit to the foreign

* Gee on Trade. See Thompson's Political Economy, p. 342.

† Mason's Tariff History, chap. 1.; McMaster's History of the People of the United States, vol. 1., p. 255.

‡ McMaster, vol. 1., p. 255; also Mason, chap. 1.

§ Taussig's Protection to Young Industries, p. 18.

|| M. Carey's New Olive Branch, passim.

¶ Young's National Economy, p. 79.

** M. Carey's Address to the Farmers of the United States, 1821.

†† Coleman Letter.



market exists to-day.* Agriculture furnishes seventy-three per cent. of all our exports. Agricultural commodities are, therefore, our chief purchase-money. But to what amount can we export them? Statistics show only to about the amount of \$500,000,000—the value of our agricultural exports for 1886. Nor can we hope to have a much larger market. For, in 1881, our most advantageous year, we exported only about two hundred millions more.† The reason for this limit to the foreign market is obvious. Europe is supplied by other fields than those of the United States. American wheat must now compete in Mark Lane with the wheat of Russia, India, Australia and South America. The Chief of the Bureau of Statistics, in his last report, calls particular attention to this increasing foreign competition.‡ With such a competition is it at all unnatural that the foreign market should be greatly limited? I have now, I conceive, effectually banished the delusion of a boundless foreign market; and I have shown that there never can be a market for all our agricultural surplus if all the labor and capital are exerted on the land. Let us now re-examine our early industrial state.

The existence of a glut in agricultural produce manifestly proves that too much labor and capital are engaged in agriculture. Unless, then, the growing population was diverted from the soil a continually increasing glut would be the result. Immigration and the growth of population would cause not more wealth but more waste. If, then, all the capital and labor were to be employed most productively, they must engage in other industries. It is perfectly true that if population would not multiply, and if immigrants would not come, there might result no overproduction. But the first of these suppositions is, of course, absurd, and the second is impossible; for wealth was not the sole object that brought men to America, and the first settlers of this country were not "economic" men. Unfortunately, emigrants came here from Europe without first ascertaining whether they were needed in America to supply Europe with food. It is also perfectly true that the American supply of agricultural produce might be prevented from exceeding the European demand, if the labor and capital were to be put on "half-time," or if only a part were to be employed. But, then, all the labor and capital would not be fully employed, unless, indeed, there were no other industries. We had, then, this state of things under free foreign trade. Of the three great groups of industries—agricultural, commercial and manufacturing—only two were being developed. Agriculture, furthermore, engaged more labor and capital than it could profitably employ.

If, then, the manufacturing industries could enlist the energies of the surplus capital and labor, then, unless those industries were speedily developed, the capital and labor of the nation would not be employed most productively; the exclusive development of only two groups of industries would no longer yield the maximum of wealth.

That this labor and capital so rapidly multiplying could have found employment in commerce will appear impossible on consideration of the fact that the commercial industries having been always free to all, and not having been suppressed by England, must have attracted all the capital and labor that they were able to employ. The existence of the agricultural glut shows that there were yet a surplus of capital and labor. It, therefore, follows that if all the capital and labor were to be employed most productively, they must engage in manufacturing industries.

I shall now show at some length why under free trade manufacturing industries could not have been developed; and then by showing that the Tariff has developed those industries at the expense of neither the agricultural nor the commercial, I shall prove that the Tariff has increased the gross product of industry.

It is certain that manufactures could always have profitably employed the capital and labor not needed in agriculture. That manufactures could become a source of wealth to the nation has certainly been proved by our subsequent industrial history. Of course manufactures would prove unprofitable, if at the start they were required to

* These figures are all taken from the Report of Bureau of Statistics, 1886.

† Report of Bureau of Statistics, 1882, p. 13.

‡ Report of Bureau of Statistics, 1886, p. 58.

endure the fierce competition of foreign industries ; because under free trade, as I shall soon show, they never could have been developed. But, granted the possibility of their continued development, would not the capital and labor engaged in them produce wealth ? " The requisites of production," says Mill, " are two—labor and appropriate natural objects." America had both of these requisites in abundance. The existence of the first requisite is proven by the agricultural glut ; the existence of the second, by the most hasty inventory of the nation's resources. There would be no lack of food for laborers ; because under free trade there was always a plethora. There would be no lack of raw materials, because a whole continent could be devoted to their production. There were bottomless mines and boundless forests. There were measureless coal-beds and countless streams. The forces of nature were ready to co-operate with man. If, now, it be contended that the surplus labor and capital, finding agriculture unprofitable, would have withdrawn from it " naturally ;" that a continued glut of agricultural produce would have been an impossibility ; that this labor and capital would have " naturally" engaged in manufacturing industries ; that these industries would thus have sprung up spontaneously : I reply, in the first place, that, as a matter of history, while free trade lasted, the glut lasted, and that this was no more than a natural result ; in the second place, that, as a matter of history, while free trade lasted, there were no manufacturing industries, and that this, too, was no more than a natural result. I shall now develop these points somewhat in detail, and ascertain, first, whether capital and labor would have withdrawn voluntarily from agriculture ; secondly, whether if capital and labor had engaged in manufactures under free trade, those industries could ever have been developed.

The glut in agricultural produce was, of course, attended by a fall in price. But, it cannot be conceded that on this account the American farmer would have lessened his production. It is perfectly true that the price of produce in Europe must be high enough to repay the American farmer for bringing land into cultivation ; but, when produce fell below that price, he would not necessarily lessen his production. For it is one thing to prepare land for cultivation, and another thing to cultivate it. To bring land into cultivation requires the investment of capital to clear the land and prepare it for tillage. This capital thus becomes fixed and cannot be withdrawn. But, to cultivate land requires the investment of capital in tools, which cannot last long, and in labor, which can easily be dismissed. This capital is thus circulating and can be withdrawn readily. Now, take the case of an American farmer. If three thousand dollars must be expended by him to prepare land for cultivation, and if two thousand dollars and the labor of two men are required to cultivate it, then he would not bring land into cultivation until the price of wheat was sufficient in Europe to pay the interest on five thousand dollars and the wages of two men. But when his land is once under cultivation, he will not withdraw it so long as the price of wheat is sufficient to pay the interest on two thousand dollars and the wages of two men. The export price of wheat, in consequence of overproduction, might fall twenty-five cents on the bushel, as it has done in the last five years*, and yet the farmer will not lessen his production. He will continue to produce until the price falls so low that it no longer yields the interest on two thousand dollars and the wages of two laborers. From this, it appears that the capital invested in land could not have been easily extricated, although American farming became quite unprofitable, and that a very considerable fall in price would have been necessary before capital and labor would have withdrawn " naturally" from agriculture. But, suppose that the price of produce had fallen so low that it no longer replaced even circulating capital, or suppose that the increasing capital and labor had avoided agriculture and sought to engage in manufactures, could these industries have been developed under free trade ? I answer, no. That without the Tariff we would have had some manufactures cannot, indeed, be denied ; but that under free trade, we would ever have approached our present industrial eminence cannot be pretended for an instant.

* Bureau of Statistics, 1886, p. 50.

In the first place, this theory of the spontaneity of manufactures is, in the words of Henry Clay, "refuted by all experience, ancient and modern, in all countries." There is not, on the face of the earth, a manufactory that has not in some way been directly encouraged by government. Here, free trade should certainly take up the burden of proof, because it maintains that that which has never happened in any country, before or since, would have happened in the case of the United States. But, it is easy to show why, without a Tariff, we never would have developed our manufacturing industries. Suppose that, under free trade, we had bought foreign manufactures to the value of our acceptable products, and then the surplus capital and labor had undertaken to manufacture the rest of the desired commodities under American conditions. The manufactures of Europe and the manufactures of America would then be sold in the same market. Now, such a system of direct and indirect production of manufactures would be manifestly impossible in the case of similar commodities. The difficulty would arise from the difference of price necessitated by the different cost of production. That difference consists chiefly in the one element of wages.

The wages of manufacturing industries, it is generally agreed, were determined, at first, by the profit in farming. Until a man could earn more by entering a factory, he preferred to take a farm. Now, the profit in farming depends on two elements: the efforts of the farmer, and the fertility of the soil. So great in America was this latter element, that a very slight effort brought a bountiful return. In America, therefore, the cost of production in agriculture was small, from the standpoint of the farmer's exertion, and wages were thus high. In Europe, however, where land was scarce and less fruitful, after centuries of cultivation, wages were low. The European laborer must either take the proffered wages or starve. The American laborer may become a land owner. The American manufacturer, now, starts his factory to produce the rest of the commodities necessary for the home consumption. He will, then, compete with the European manufacturer, in the production of similar goods. To attract laborers from farming, the American manufacturer must offer higher rewards than can be obtained on the farm, and to do this he must advance the price of his goods. To him, the cost of production, measured in wages, is high. But his European rival has no such wages to pay. He does not employ men, but "hands." To him, the cost of production, measured in wages, is low. The price of his goods is, therefore, far less. The American laborer, for his part, refuses to work for such terms as the European laborer. He prefers living at ease, owning his own land, to toiling as an industrial slave. If, then, the American goods are to be made at all, they must be sold at a higher price. The American article and the European article, with different prices, are now in the same market. But "there cannot be, for the same article, two prices in the same market." The American manufacturer is, therefore, forced either not to sell at all or to sell at great loss. American capital and labor are, in either case, ruined. Under free trade, the history of American manufactures is one continual history of industrial disasters.

Whenever an attempt was made, by Americans, to establish competing manufactures, the European Chiefs of Industry, with their half-fed hordes, rushed in "to reconquer the American market." Not able to satisfy the whole of the American demand for manufactures, England, by selling large quantities at a loss, prevented America from satisfying the rest of that demand. England has ever dreaded the day when American manufactories, supplying the whole of the home market, would "lessen the dependence" of America. Had there been no laws for the protection and encouragement of manufactures, the history of those manufactures would have been one oft-recurring cycle of effort, struggle and relapse. Our present industrial structure would be an industrial ruin. An utter apathy would yet hang like a pall over the mountains of Pennsylvania and the streams of Connecticut. A nation of farmers, reaping and gathering into barns, would yet be dozing in its Sleepy Hollows. There would have been no great industrial class which continually toils and spins. It would have remained for generations yet unborn to see Pittsburgh, and Johnstown, and Lowell, and Willimantic, with their "tall chimneys smoking."

But, the great men who stood at the beginning of our history comprehended most thoroughly our industrial problem. They determined to secure for this country the maximum of wealth by the full employment of all the capital and of all the labor. Such was their purpose, and to achieve it they saw but one means—"the protection and encouragement of manufactures." They were the great American economists, for they studied to increase the opulence of the nation. They believed that it was the duty of government "to promote the general welfare." But of that new Evangel—"the Gospel of Mammon," whose leading text is *Laissez-Faire*, loudly proclaimed by the English apostles, and devoutly believed by the American disciples, those statesmen had not heard. Yet they had no idea of remaining idle, when they had the means to produce and the capacity to consume. They had no idea of postponing manufacturing until interest and wages had fallen to the European level. They determined to rebel against the industrial tyranny as they rebelled against the political. And on the 4th of July, 1789, they declared their industrial independence by enacting the first Tariff law.

The advantages of the Tariff to our manufacturing industries are certainly inestimable, for to the Tariff those industries now owe their existence. The Tariff first sheltered American manufactures from the attacks of British capital, and thus gave the productive power of the nation an opportunity to display itself. The skill that was essential to the establishment of manufactures could be acquired only after years of experience. The industries required protection during the period of tuition. When once those industries were developed there would result a greater and a cheaper production. Protection was granted, and the industries immediately prospered.

Space permits no attempt to trace that splendid industrial progress from the days of Slater and Whitney and Lowell to the days of Baldwin and Corliss and Edison. But the results are indeed marvelous. Were Alexander Hamilton, the prophet of Protection, to appear among us to-day, and make a second report on American Manufactures, he would behold a development of which he never dreamed. He would see the seventeen branches of manufactures that struggled for existence in his day increased in less than a century to more than three hundred; he would see the vast laboratories of nature explored and the elements turned to the service of man; he would see on all our rivers those grand palaces of the arts which fill the air with the hum of myriad wheels. Astounded, he would survey those busy hives of industry—now the rivals, and soon to be the victors, of their European prototypes—Paterson, the American Lyons; Trenton, the American Burslem; Waltham, the American Geneva; and Philadelphia, the American Manchester.

A few figures from the census of 1880 will show how rapid has been the development of the manufacturing industries. In the course of only thirty years, from 1850 to 1880, there was a gain in the gross value of the manufactured products of over 426 per cent.; a gain in the capital invested of over 423 per cent.; a gain in the wages paid of over 300 per cent., and a gain in the number of hands employed of over 185 per cent.

Thus the Tariff, by developing the manufacturing industries, has solved the great industrial problem—How can the labor and capital of the nation produce the maximum of wealth? I shall now illustrate by a few statistics how by a Tariff we obtain the maximum of wealth to-day.* Our total exports for 1886 amounted to \$665,964,529. Of this sum seventy-three per cent., or about \$500,000,000, consisted of agricultural products. With these commodities, therefore, we obtain the desired foreign commodities, and our imports, furthermore, are limited by these exports, because we cannot buy more than we can pay for. We dispose of our exports in the following manner: Food-stuffs to the value of \$238,990,434 are sent to Great Britain and the Continent to exchange for manufactured goods. Beyond this amount Europe will take no food-stuffs from us, because she has other sources of supply. With Europe the balance of trade is in our favor. She takes all the food that she wants, and is ready to give us an equal return in manufactured goods. But, we cannot import manufactures from Europe to the value of

* These figures are from the Bureau of Statistics, 1886.

\$238,990,434, because with the rest of the world we have an unfavorable balance of trade; for outside of Europe we can sell no agricultural produce. Our trade outside of Europe is in great part one for luxuries, and this adverse balance must be settled with cash. By bills of exchange on European bankers we pay this adverse balance with the favorable European balance. When this unfavorable balance is paid, whatever is yet due from Europe may be paid by exports to this country of manufactured goods. Now, in return for our \$238,990,434 worth of food-stuffs, we obtain, after paying the adverse balance, manufactures of wool, silk, cotton, iron and steel, wood and leather, to the value of only \$155,270,448. These goods all compete with the products of our protected industries. This sum of \$155,000,000, therefore, represents what amount of manufactures we could obtain under free trade. More than this we could not obtain, because Great Britain and Europe want no more of our commodities. Now, suppose we had free trade; suppose we had no protective industries to manufacture commodities of wool, silk, cotton, iron and steel, wood and leather; suppose we had only \$155,000,000 worth of those commodities, how much less then would be the wealth of the nation? How much less would our industries yield? How much less a value of necessary commodities would we have for the satisfaction of our desires? The gross product of all our manufactures is about \$5,500,000,000. The census of 1880 put it at \$5,369,579,191.* Now, it is generally considered that the product of the protected or competing industries is about \$2,500,000,000. Under free trade, therefore, we would be without this wealth. For we are in the horns of a dilemma. We must either go without these commodities or else make them; since to have the commodities we must have the industries. Under Protection we obtain manufactures indirectly by exchange to the value of \$155,000,000, and by producing manufactures directly to the value of \$2,500,000,000. Our total consumption of the products of competing manufactures is, therefore, to-day \$2,655,000,000. If, then, under free trade we could not produce the \$2,500,000,000 worth of manufactures, because they are the products of protected industries, how could we obtain what we annually need for consumption—commodities to the value of \$2,655,000,000? Will Great Britain and Europe sell us manufactured goods to the value of \$2,655,000,000 for agricultural produce to the value of only \$500,000,000? Such a proposition is preposterous; but free trade must maintain it or admit that we would have less wealth. Of the goods demanded for the American consumption but a very small fraction, less than one-eighth, can, therefore, be obtained from abroad. Under free trade we would have only this fraction, and go without the remaining seven-eighths. Under Protection we can have the whole amount desired. If, under free trade, an attempt were made to buy from abroad, and then to produce the remainder at home, there would be two prices for the same article in the same market, which would be an impossibility. The price of the whole supply, both domestic and foreign, will be fixed by the price of that portion raised at the greatest expense. If the American manufacturer cannot get this price he will not produce the manufactures, and we go without the wealth. If the American producer gets this price under free trade, because the foreign manufacturer raises his price, then the Tariff most certainly does not tax the consumer. A Protective Tariff simply increases the price of the foreign article to the amount of the increased cost of production of the domestic article. The Tariff thus compels the foreign and domestic article to be sold at the same price, thereby rendering prices stable for the home producer, and furnishing the whole amount desired to the home consumer.

The advantages of the Tariff to the manufacturing industry are, indeed, evident. But, have manufactures been developed at the expense of other industries? I shall now show that manufactures are by no means parasitical, but that the Tariff, while it has developed the manufacturing industries, has, at the same time, stimulated both agriculture and commerce.

The advantages of the Tariff to American agriculture proceed from this—that it

* Census of Manufactures, p. 10.

has substituted a domestic for a foreign market. As a result of the Tariff the factory competes with the farm for laborers, and so attracts numbers from the soil. The factory removes those superfluous farmers whose labor causes a glut and results, not in wealth, but in waste. Thus the rivals of the farmer in production become his consumers. The factory, furthermore, has attracted labor from abroad, thus increasing the home market. Of immigrants the factory has received fifty per cent. more than the farm.* But this is not all. Under Protection the farmer exchanges his produce with the domestic instead of the foreign mechanic. This is manifestly to the farmer's advantage; for the domestic mechanic consumes the manufactures of other domestic mechanics, who in their turn consume the farmer's produce and thus increase the home market. But the foreign mechanic consumes foreign manufactures, and that confers no additional benefit on the farmer. Thus has Protection substituted for the two boasted markets of free trade—one of which is too small and the other too fluctuating—one market at home, which is more than twice as large as the foreign market,† and absolutely certain. A home market benefits the agricultural industries in most important particulars. In the first place, it enables the land of this country to be used in its most productive manner. This free trade would prevent. When an agricultural country exchanges with a manufacturing country it must sow its lands to those staples which that country demands. Thus, we export to England to-day only three vegetable staples—cotton, wheat and tobacco. Now, so long as the demand of a manufacturing country is confined to a few articles, the productive power of the agricultural country must be diminished. The numerous varieties of soil and climate which characterize this country are capable of producing numerous varieties of crops. Every soil is more productive when sown to one crop than to another. But, under free trade these advantages are all lost. The soils, whatever may be their appropriate crops, must be diverted from their best use to raise those crops for which alone there is demand. Is not productive power thus lost? To diminish cost of transportation those crops are exported whose density of value is greatest. Land will be diverted from the production of the more bulky yet more abundant corn to that of the more compact yet scarcer wheat. Then, too, there is no demand for the perishable vegetables and fruits, and from their production the suitable lands must be diverted. Above all, the continuous demand for the same few products prevents any system of rotation of crops, and the absence of a certain and near market prevents any careful tillage and leads to extensive instead of intensive cultivation. Had America adhered to free trade this misappropriation of the soils must have inevitably resulted. One fact will show how wasteful American agriculture might have been. In 1770 nearly one-half of the value of all our exports consisted of tobacco.‡ And, had free trade continued, we would now be striving to monopolize the European markets, diverting all our land to the production of wheat, cotton and tobacco. We would never have developed those fourteen "principal vegetable productions" and those "orchard products" that we have to-day.§ These advantages to agriculture could only proceed from the creation of a home market. On account of the physical properties of the soil there is still another reason why the home market is more advantageous than the foreign. When agricultural products are consumed near the farm nitrogenous refuse may be returned to the soil. But when those products are shipped to foreign markets, there can be no such return. The soil is practically transported, and lands lose their fertility. The Tariff has prevented this "earth-butcher" in the United States. The advantages to agriculture of a market for the surplus is strongly affirmed by Mr. Mill. "A country," he says, "will seldom have a productive agriculture unless it has a large town population, or the only available substitute, a large export trade in agricultural produce."||

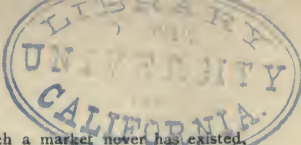
* Tenth Census, Manufactures, p. 26. Compendium, pp. 1368 and 1372.

† Bureau of Statistics Report for 1880. Census of Agriculture, 1880, p. 27.

‡ Macpherson's Annals of Commerce, vol. III., p. 572.

§ Compendium of the Tenth Census, vol. I., p. 738.

|| Political Economy, book I., chap. viii.



It has, I believe, been thoroughly established that such a market never has existed, and does not now exist abroad. By a Protective Tariff we have created such a market at home. "The arrival of manufacturers," to use Mill's expression, has enriched the farmers by the value of the food that would not have been produced had those manufacturers not been here to consume it, or which would have been produced only to rot in granaries. Nay, more, the factory has stimulated the farm to still greater efforts to supply the constantly increasing demand for food. An incalculable advantage of the Tariff to agriculture has resulted from the establishment in this country of the mechanical arts. The methods of agriculture have been vastly improved since the days when farmers plowed their lands with wooden "bull-plows," sowed their grain broadcast, cut it with a scythe, and thrashed it with a flail.* Had we not fostered the mechanical arts by a Protective Tariff, would the agricultural implements of Auburn and Chicago be now acknowledged the finest in the world?† Would American agriculture have undergone that great revolution produced by American steam-plows and stone-cutters, and reapers and binders? In less than a century would the product per man have increased fivefold?‡ The history of American agriculture negatives such conclusions. Colonial agriculture was rude and exhausting; for the fertilization of the soil and the rotation of the crops were never practised.§ A period of awakening followed the Revolution, and as agriculture under the tariffs became more profitable, it gradually came to be studied as a science. With the invention of McCormick that science began its extraordinary development, continually furthered by agricultural chemistry and agricultural machinery. The advantages of the Tariff to the agricultural industries may, therefore, be summed up in the two words of Mr. Mill—a "market" and "tools." The Tariff has, therefore, stimulated those industries and enabled them to yield a greater product of wealth.

Nor has a Protective Tariff less stimulated the development of the third great group of industries—the commercial. Even if commerce meant no more than exchange between different nations, the Tariff could not be charged with checking it to-day. For I have shown that our exports are limited by the foreign demand, and that imports in the long run must balance exports. A Tariff does not stop commerce. Our commerce would be but little increased were the Tariff now removed. There would be, it is true, under free foreign trade a great demand in this country for foreign manufactures; but there would be no supply at the only terms we could offer. Where could we, with only agricultural products, purchase by exchange in foreign commerce manufactures to the value of \$2,655,000,000? But commerce does mean more than mere foreign trade. Commerce includes the home trade as well. Adam Smith, the free-trade patriarch, declared the home trade to be far more profitable than the foreign. He says that if a given amount of capital purchases and interchanges goods within the same country, that country will gain twice as much advantage from that capital as if it had purchased and interchanged an equal value of goods with another country. For, in the first case, this capital encourages only one native industry; in the second, two. Moreover, in the home trade capital circulates more swiftly. When, therefore, an equal amount of capital is employed in the home and in the foreign trade, the first capital will be far more efficient and profitable than the second; because it can effect in the same time, and with less cost for insurance, many more exchanges than the second. The Tariff has created for the United States such a domestic or internal commerce. The Tariff has stimulated commerce, because it has enabled the surplus product of the farm to find a market at the adjacent factory. Our railroads and canals are the commercial industries. Since this exchange of products between farm and factory has become possible our internal commerce has attained mammoth proportions. The capital invested in railroads is now one-fifth of the nation's wealth. The mileage is now equal to that of

* McMaster's History of the People of the United States, vol. 1., p. 18.

† Bolles' Industrial History of the United States, p. 41.

‡ Tenth Census, Agriculture: History of American Agriculture.

§ Bolles' Industrial History of the United States, p. 14.

all the rest of the world. In 1880 our domestic commerce, measured in the tonnage of the railroads alone, was more than twenty times as great as the foreign commerce.*

To conclude the discussion of the advantages of the Tariff to the industries of the United States, let me summarize my argument. Beginning with that incontestable fact, an unsalable agricultural surplus, I have shown that if our labor and capital were to be fully employed, that if we were to obtain the maximum of wealth, there must be developed in this country the manufacturing industries. I have shown that under free trade their development was impossible. I have shown that under Protection they have been developed, and that at the same time the agricultural and commercial industries have been stimulated. I have, therefore, proved that the Tariff has increased the gross product of our industries. Under free trade our production of wealth was in great part an indirect production. We produced the desired manufactured commodities by exchanging others for them. England balked us in all attempts at a direct production. Our production was therefore limited by the extent of the foreign market for our agricultural surplus. That the people of this country desired to consume, and had the labor and capital requisite to produce a far greater amount of wealth than they could produce indirectly, in no wise enabled them to do so. It is true that under free trade a small effort would produce a greater amount of wealth than a like effort could at first produce under Protection. But that effort under free trade could never be enough to satisfy the nation's desires. Under free trade we could obtain a small supply of manufactures at a somewhat cheaper price; but beyond that supply we could obtain nothing. Under Protection we obtain all that we desire at a rapidly cheapening price. Under Protection production can have no limit but the energies of the people and the resources of the continent.

I pass now to the advantages of a Protective Tariff to the labor of the United States. To appreciate the advantages of the Tariff to the workingman we must recall his condition a century ago. During the early industrial period, until the introduction of the factory system in 1815, there was, properly speaking, no great laboring class. Laborers were then engaged either in farming, or in occupations like that of the carpenter, blacksmith and mason, who render a kind of personal service and must therefore be near the person for whom they work. There was no class that was engaged in manufacturing, for the manufactures consumed in America were produced by foreign laborers. The establishment in this country of the manufacturing industries, therefore, required the creation of a great industrial class. Of the state of the laborer in the early industrial period we have authentic accounts. So miserable was his condition that we can hardly understand how in less than a century his condition could have been so ameliorated. In the first place, the general rate of wages was lower by one-half than at present.† This is true, notwithstanding the great depreciation of money. Colonel Wright, the eminent statistician, has traced the history of wages from 1752 to 1860.‡ The following table compiled from his work will show how great has been the rise in wages:

	1786.	1860.
Blacksmiths,	\$.667	\$ 1.25
Carpenters,538	1.25
Common unskilled labor,311	1.00

But we cannot understand how much lower wages really were a century ago until we learn that a working day lasted invariably from sunrise to sunset.§ It was not until 1824 that the subject of shorter hours was agitated, and no reduction at all was made in the hours of work until 1840.¶ Nor can we understand what was the real position of the laborer until we see how little his wages could procure. A century ago the American laborer had but few of those comforts that he regards as necessities

* Census: Transportation, p. 10. Bureau of Statistics, 1880, p. 38.

† McMaster's History of the People of the United States, vol. 1., p. 96.

‡ Historical Review of Wages and Prices, 1752-1860.

§ McMaster's History, vol. 11., p. 617.

¶ Wright's History of Wages and Prices, p. 10.

to-day. The houses of laborers were "meaner, their food was coarser, their clothing was of commoner stuff."* The houses were especially comfortless. The floors were covered with sand for carpet. There was no glass upon the table, no china in the cupboard, no prints upon the wall, no stove, no coal, no matches.† The food was correspondingly poor. "The artisan's food was simple, often coarse, and, in fact, confined to the bare necessities of life."‡ The laborer had but few of the vegetables that are now most common, and enjoyed fresh meat only once a week.§ Nor was the clothing of the laborer better than his food. "The clothes of the artisan," says Mr. McMaster, "would now be thought abominable. A pair of yellow buckskin or leathern breeches, a checked shirt, a red flannel jacket, a rusty felt hat cocked up at the corners, shoes of neat's skin set off with huge buckles of brass, and a leathern apron, comprised his scanty wardrobe."||

Such was the condition of the American workingman a century ago. How great has been the improvement in his condition may be learned from observation, from the reports of the State Labor Bureaus, which publish workingmen's budgets; or from volumes of incontestable statistics that show the present high rate of wages in America. The question now is: What has conferred these advantages upon the labor of the United States?

In discussing the advantages of the Tariff to the industries I have indicated already one of the greatest advantages of the Tariff to labor. The excessive agricultural surplus, to which reference has been so often made, was the product of capital and labor disadvantageously employed. Now if, as I have proved, it was impossible under free trade to employ on "full time" all the capital and all the labor, and thus to produce the maximum of wealth, does it not follow that in the distribution of wealth the share of the laborer was less than it might have been? Free trade offered but little opportunity for work, and consequently wages were low. The Tariff, on the other hand, has given steady employment for the workingman and thus it has raised wages. Under free trade the fields of employment opened to the laborer were both few and contracted. He had practically to choose between the ship and the farm. Free trade prevented any diversification of industry, and consequently any diversification of employment. Wages were low because there was little demand for labor. It was the saying of Richard Cobden that when two workmen were running after one master, wages were low; but when two masters were running after one workman, wages were high. The Tariff has opened up so many fields of industry in which capital has sought most eagerly to engage, that the American workman has been pursued, not by two, but by twenty masters. The demand for labor has made wages high. Again, the Tariff has raised the rate of wages, because it has made agriculture more profitable. The profits in farming, I have already shown, constituted the minimum of wages that could be paid in the manufacturing industries. Now the Tariff prevented the overproduction of agriculture, and thus increased the attractiveness of the land. The Tariff has thus raised the minimum rate of wages. Wages, however, have risen far above this minimum. Laborers have engaged in industries more prolific of wealth than agriculture. Those industries are the result of a Protective Tariff. With the development of manufactures the gross product of the nation's industry has, as I have shown, been increased; and as wages are paid out of this gross product they have also increased.

But free-traders contend that a Protective Tariff can raise wages only nominally, not really. The greater cost of living, consequent upon the higher prices is, they contend, a complete offset to the higher rate of wages. Now, this matter has been settled mathematically. Colonel Wright, in his "Comparative Wages and Prices, 1860-1883,

* McMaster's History, vol. 1., p. 96.

† McMaster's History, vol. 1., p. 96.

‡ Wright's History, p. 11.

§ McMaster's History, vol. 1., p. 97.

|| McMaster's History, vol. 1., p. 98.

Massachusetts and Great Britain," declares, that although wages in Massachusetts are 77 per cent. higher than in Great Britain,* the cost of living is only about 17 per cent. higher than in Great Britain.†

But, besides this demonstration by Colonel Wright of the fact that real wages are higher in this country than abroad, there are reasons why they are so, and why the Tariff has been the cause. The effect of the Tariff on the wages of labor is a problem in the distribution of wealth. The problem is to determine how the Tariff has effected each of the three shares—rent, wages, and profits, into which the gross product of industry is distributed. Free-traders always discuss this problem as though there were only two shares in distribution—wages and profits. Free-traders assert that Protection raises profits and lowers wages. But, the relation of the Tariff to rent, the other share in the distribution of wealth, is universally ignored; and all the theories of free trade concerning the effect of the Tariff on profits and wages are consequently incomplete and erroneous. The real effect of the Tariff on the distribution of wealth can surely be ascertained only when all the three shares are introduced into the discussion. The proposition that I wish to prove is that the Tariff has so affected the distribution of wealth as to raise the wages of labor. The argument that I shall present has been advanced by Simon N. Patten, Ph.D. [Halle], in a work entitled the "Premises of Political Economy."‡ I refer the reader to this book, where he will find the following argument given more in detail. To understand the true effect of the Tariff on wages, let us begin by examining the doctrines of free trade. The stock argument of free-traders, when they attempt to deny the fact that Protection has raised wages, is the following, in the words of Mr. Henry George:§ "In what way can protective tariffs affect the distribution of wealth in favor of labor? The direct object and effect of protective tariffs is to raise the price of commodities. But men who work for wages are not sellers of commodities; they are sellers of labor. They sell labor in order that they can buy commodities. How can increasing the price of commodities benefit them?" The fundamental fallacy in the free-trade discussion of the relation of the Tariff to wages and prices lurks in the word "commodities." Does a Protective Tariff, indeed, raise the price of all commodities? Of course the effect of the Tariff is to make the price of the domestic article at first higher than that of the foreign article without the duty. Otherwise there would be no virtue in Protection. But what articles are those whose value is enhanced? They have been, throughout the whole of our history, with but few exceptions, manufactured articles. Undoubtedly, so far as the laborer consumes these articles, his higher wages are met by a higher price. But, manufactured goods are not the largest item in the budget of the laborer. Fully two-thirds of the expenses of the laborer is for food alone. Engel's famous law of subsistence asserts that the smaller the income of a family, the larger the proportion spent for food. There being, therefore, in this country, no tax, as free-traders are pleased to call it, upon the consumption of food, we see the falsity of the assertion that if the Tariff increases wages, this does not benefit labor, because the Tariff at the same time increases [all] prices.

We are now ready to proceed further in the proof that Protection raises wages. In manufacturing industries, the wages of labor and the profit on capital, depend on the value of the finished manufactures. Thus in manufacturing cotton cloth, wages and profits must ultimately come out of the value of the cloth produced. Now the cost of production of this cotton cloth will consist of two elements: raw materials, out of which the cloth is to be made, and food by which those who produce the cloth, must be supported. The greater, therefore, the value of the manufactured cloth, as compared with the value of the staple and food consumed in its production, the greater will be

* Wright's Comparative Wages and Prices, p. 43.

† Wright's Comparative Wages and Prices, p. 56.

‡ "The Premises of Political Economy; Being a Re-Examination of Certain Fundamental Principles of Economic Science," by Simon N. Patten, Ph.D.

§ "Protection or Free Trade," p. 211.

the margin out of which wages and profits can come. Let us take a numerical example. Suppose a manufactory produced a hundred yards of cloth, whose price is ten cents a yard, or \$10; while the price of the raw material, ten pounds of cotton, is \$5; and that of the food consumed, five bushels of wheat, is \$5. The cost of production is, therefore, \$10. Now, since the cost of production is thus the same as the price of the product—one hundred yards of cloth exchanging for five bushels of wheat and ten pounds of cotton, there is manifestly no margin for either wages or profits. This is, of course, an impossible case. But it serves to introduce the principle. Let us now see what effect a change in the value of these manufactured commodities will have on wages and profits. Suppose the value of manufactures rises until twenty yards of cloth will exchange for five bushels of wheat and ten pounds of cotton. There is then a remainder of eighty yards of cloth out of which wages and profits can come. As the value of manufactured goods rises still more, there is a still greater margin. The less, then, the approximation of the value of food and raw materials to that of manufactured goods, the greater will be wages and profits. Now, what has all this to do with the Tariff? The application will be apparent when we recollect the kind of commodities upon which duties are laid and whose value is, therefore, increased. As previously stated, the Protective Tariff has, in the main, been imposed only upon manufactured products. The Tariff has, therefore, increased the price of those products, and thus increased the margin out of which come profits and wages. It is the dictum of the English political economy that wages can be raised only by diminishing profits, and that profits can be raised only by diminishing wages. Relying on this text, the American free-traders conclude that the high profits of protected manufacturers come out of the wages of American workmen. Now, the American disciples, in the first place, are trying to be greater than their master; for Mr. Mill,* and with him all the English economists, have affirmed, that in consequence of the inevitable competition of capitalists, "unusual profits" are impossible. But Mill would, nevertheless, maintain that if general profits had increased, they could only have increased at the expense of wages; and that if wages had increased, they could only have increased at the expense of profits. Labor and capital are thus brought into antagonism by free-traders. If Protection has raised wages, it has, they say, lowered profits; and if it has raised profits, it has lowered wages. The current theory does not admit the possibility of depressing rent, and thereby raising profits and wages. Now, Dr. Patten has unquestionably shown the incompleteness of this "orthodox" theory of the distribution of wealth. Mill contends that profits must fall as wages rise, because if the capitalist advances more in wages he will be unable to get any more for his goods, notwithstanding the fact that their cost of production has been increased. The general rise in wages would cause a corresponding rise in the price of all other commodities, and, therefore, the goods of the capitalist, although their cost of production was greater, would have no greater value unless a general rise of values were possible, which is, of course, an absurdity. Mill here assumes that the value of all commodities is determined by their cost of production. Dr. Patten proves that this is not true; but that on the contrary the value of that large class of commodities known as agricultural produce, including, therefore, food and raw materials, has no relation whatever to the cost of production. Mill contends that value is determined by cost of production; because, on the one hand, if the value were greater than the cost of production, the supply would be increased until the value fell to the cost of production; and, on the other hand, if the value were less than the cost of production, the supply would be decreased until the value rose to the cost of production. Mill's contention is undoubtedly true, as regards commodities whose supply may be increased and decreased at pleasure. But such is not the case with agricultural produce. In the first part of this essay I endeavored to show that a much larger amount of capital is necessary in order to bring land into cultivation than is necessary in order to cultivate it. Agricultural produce may, therefore, on the one hand, rise greatly in value before new lands will be

* Political Economy, book III., chap. 3.

brought into cultivation ; and, on the other hand, agricultural produce may fall greatly in value without any diminution in the supply. Furthermore, inasmuch as the best lands are occupied first, and men afterwards proceed to that which is worse, the point to which the price of produce must rise before new land will be brought into cultivation tends with the progress of society to become higher and higher. Agricultural improvements lessen the cost of production on all land under cultivation ; they do not make it less difficult to bring new land into cultivation. Herein is the difference between manufactures and agricultural commodities as regards the increase of the supply. The supply of manufactures can be increased at any time in proportion to the amount of capital that may be invested. Each new manufactory requires no more fixed capital than did the one that preceded it. But in agriculture, as I have shown, the amount of fixed capital necessary for increased production becomes greater and greater.

Mr. Mill, of course, admits that agricultural produce is subject to the law of diminishing returns. But this law does not modify his theory of the value of agricultural produce. For he maintains that when lands of different grades are under cultivation, the value of the whole crop is fixed by the value of that portion raised on the worst grade of land ; and, as the value of this portion is determined by the cost of production, the value of the whole crop is determined by the cost of production.

In stating the true conditions upon which land is brought into and withdrawn from cultivation, I have shown the falsity of this theory that the price of the whole crop is determined by the cost of producing that portion raised at the greatest expense. With the increase of population and the consequent increase in the demand for food, its price will rise higher and higher above the cost of production on the worst grade of land. Before new land will be brought into cultivation the price of food must rise through a constantly increasing margin. Until the price of food reaches the point at which new land will be brought into cultivation, the value of food is a monopoly value ; a value that is governed solely by supply and demand ; a value that has no relation whatever to the cost of production. We are now able to perceive another false doctrine of the English theory of distribution. Rent on Mill's theory is the "surplus any portion of agricultural capital produces beyond what is produced by the same amount of capital on the worst soil, or under the most expensive mode of cultivation, which the existing demands of society compel a recourse to." Mill thus reaffirms the dictum of Ricardo that "corn is not high because rent is paid ; but rent is paid because corn is high." Mill maintains that rent cannot enter into the price of agricultural produce, and that the price of produce would be the same even if no rent was paid. But if the value of agricultural produce has no relation to the cost of production on the worst land, because of limitations of the food supply, the rent of the better grades of land cannot possibly be determined, and rent may thus enter into the price of agricultural produce.

Let us now return to Mill's contention that "profits and wages are the leavings of each other." If the value of food and raw materials depends solely upon supply and demand and has no relation to the cost of production, then a rise in wages would not, as Mill prophesied, increase their value. The rise in wages would increase the value of manufactures because their value is determined solely by the cost of their production. Now, inasmuch as food and raw materials are the commodities upon the approximation of whose value to that of manufactures the rate of wages and of profits depends, the rise of wages, causing an increase in the value of manufactures, would result in an increase of the margin, and therefore an increase in profits. Thus Dr. Patten refutes the current theory of distribution, and no longer can it be maintained that profits and wages displace each other. Profits and wages may both be made high by any policy that would increase the value of manufactures as compared with the value of the products consumed in their production. In the United States that policy is a Tariff on the importation of manufactures. The effect, therefore, of the Tariff on the distribution of wealth is to increase profits and wages. This, of course, can be accomplished only in one way—by decreasing rent. But it must not be



imagined that this suppression of rent has operated to the injury of the American farmer. Under our economic system the farmer has been both capitalist and landlord. The Tariff has retarded the appearance of a distinct class of landlords. Under free trade an economic system would have been evolved that is best described by the word absenteeism. The agricultural overproduction, the waste of produce, and the disastrous cultivation that characterized our early industrial history, would have resulted in the abandonment or forfeiture of farms, and the disappearance of the typical American farmer. Small holdings would then have been merged in rich landed estates, and to foreign proprietors American tenants would pay tribute in rent. Thus the period would have been hastened when the returns from the land would be no longer increasing but diminishing; when the land of America would no longer yield a proportional return to increased applications of labor and capital. Wages, the reward of labor, and profits, the reward of abstinence, would thus fall as the price of agricultural produce rose to a monopoly value and rent absorbed more and more of the gross produce of industry. But all this has been prevented by the Protective Tariff. The Tariff has protected the interests of both capital and labor. In behalf of the American workingman, Protection has insisted that the laborer is worthy of his hire. Protection has enabled him to maintain a higher standard of life, and has given him the opportunity to develop in himself those qualities that are essential to a citizen of the Republic.

I have shown in the foregoing pages why a century ago our future industrial progress depended upon the enactment of a Protective Tariff. I have shown how our industries have been developed and our labor benefited after nearly three-quarters of a century passed under Protection. I shall now show why the prosperity of both our labor and our industries depends to-day on the continuance of this industrial system. It is impossible fully to understand the consequences of a transition to free trade to-day until we realize that under Protection the United States has developed into a great economic organism. By this I mean that under Protection our system of producing, distributing, exchanging and consuming wealth is a peculiar system, entirely different both from that which it would have been and from that which it would be under a system of free trade. A single illustration will explain my meaning. It is commonly argued that if we had free trade the Western farmer would be able to exchange his wheat for a much greater quantity of manufactured goods. To prove this proposition free-traders single out some particular farmer and assert that under the Tariff he was compelled to buy his goods at a price higher than that offered by the foreign producer. From this they infer that a change to free trade would greatly benefit farmers. Now, it is perfectly true, that if Farmer A were granted the exclusive privilege of free trade he could exchange his produce for more manufactures than he can now obtain from the home manufacturer. But, does this prove that if the Tariff were abolished all farmers in the alphabet could do likewise? If free trade were decreed the population would be driven to the land. Then would follow an agricultural glut. When, in consequence of the increasing supply, the price of agricultural produce had fallen; and when, in consequence of the increased demand, the price of foreign manufactures had risen—for under free trade there would be no protective industries to supply the home demand—what, I ask, under these conditions, would be the position of the American farmer? This disastrous period of overproduction would ultimately be followed by the period of landlordism. The removal of the Tariff would, therefore, result in more than the mere introduction of cheaper goods. The abolition of Protection would be followed by a transition to an entirely different economic régime. Would all those who now satisfy their desires by performing industrial functions have functions to perform under the system of free trade? By no means. The case of the farmer is in point. Each man under Protection can satisfy his desires, but under free trade only some men could do so. Free trade would mean a greater good to some, perhaps; Protection means the greatest good to all. When the equilibrium of our industries was once destroyed, would it be immediately restored? Would our complex system of industries immediately

adjust itself to the new conditions? Would the capital and labor escaping from the ruins of our manufacturing industries be able to find full employment? It requires no skill in vaticination to foretell the consequences of a change to free trade. First, the country would be inundated with a flood of cheaper goods. Our manufacturing industries would be speedily overwhelmed. One after another the furnace fires would be put out. Machinery would stop and be left to rust. When, then, the idle capital and labor sought for other employment, they would, by their competition, bring down all profits and all wages. Agriculture certainly could not fully employ the surplus labor, and the inevitable result would be a smaller production of wealth. On one condition only could the once-protected industries continue to exist—the reduction of the wages of American labor. Protection affords to American labor an opportunity both to produce and to consume. Free trade promises cheaper goods to labor as a consumer; but what does it promise to labor as a producer? Free trade boasts that it will respect not merely the interests of producers, but the interests of consumers as well. This will be no easy task. When American laborers are lodged in almshouses they will do nothing but consume. To American labor as a producer free trade, indeed, offers nothing but the privilege of competing at starvation wages with the slave-labor of Europe. American labor would then gravitate to that industrial level where women are forced to toil as men, and squalid children cry for bread. If free trade were adopted, such a wanton violation of that natural right of the American workingman—"the right to earn his own living in his own land"—would be followed by a speedy retribution. America, after thus expatriating her laboring classes, would experience such a decline of her industries as that which France experienced after she expelled the Huguenots.

The abolition of the protective system would therefore mean a transition to a new economic system to which our labor and industries could never be adapted. Had our whole industrial history been accomplished under free trade, our industrial development, indeed, would have been both disproportionate and stunted. Nevertheless, our labor and industries would have matured under a free-trade system, and in that system every man would have had a function to perform. But, when the industries of this country have been developed upon a protective basis, when they have become adjusted to a protective environment, when the rights of capital and the rights of labor have become vested in a protective system, the destruction of that system would involve a catastrophe of which industrial history could afford no parallel. In the early period under free trade the condition of our labor and industry was miserable in the extreme, and had free trade continued, their condition, doubtless, would have improved but little. But this condition would be prosperous in comparison of that to which they would now descend if we returned from Protection to free trade. The last state of the nation would be worse than the first.

Since, then, under a Protective Tariff, we have achieved such industrial greatness and conferred such benefits upon the labor employed, a man had best hesitate before he aids in the attempt to demolish this industrial system. He had best ponder long before he declares for free trade, whose disadvantages we sufficiently experienced in our early industrial history, of whose advantages we as yet know nothing. He had best understand what the advantages of free trade will be. The advantages of Protection have attended us through nearly three-quarters of our history; they are before our eyes to-day. Under Protection we know what we are. Under free trade do we know what we shall be? Uncertain of the consequences, is it, I ask, rational to exchange for the vague and fictitious advantages of free trade those real and manifest Advantages of a Protective Tariff to the Labor and Industries of the United States?

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